

STATE OF WASHINGTON**OFFICE OF
INSURANCE COMMISSIONER****BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

☐ The orders posted here are unverified electronic duplicates of the official orders actually entered. To be certain you have the official version of the order as entered, you should request a hard copy of the official version from the Commissioner's Public Disclosure Officer, Steve Carlsberg, 360-586-0691, or by e-mail: stevec@oic.wa.gov.

In the Matter of) No. D 99 - 125
GUARANTEE LIFE INSURANCE COMPANY,) Consent Order Imposing a Fine
An Authorized Insurer.)

FINDINGS OF FACT:

1. Guarantee Life Insurance Company ("Guarantee Life") is authorized to write life insurance in Washington state.

2. In about January or February of 1998, a licensed agent appointed by Guarantee Life, Rob Browning, sold Deborah N. Reinbold a policy of life insurance issued by Guarantee Life. She wrote a check for an initial payment at the time of the sale. Thereafter, she paid monthly premiums by automatic bank draft. Over that period of several months, Mr. Browning failed and neglected to deliver the policy to Ms. Reinbold, despite the fact that both she and her husband repeatedly left telephone messages requesting delivery of the policy.

3. On August 2, 1999, the Insurance Commissioner received a consumer complaint from Ms. Reinbold. One of her compliance officers attempted to contact Mr. Browning, but she did not receive a response. On August 5, 1999, the compliance officer sent a copy of Ms. Reinbold's complaint to a customer service representative at Guarantee Life. On August 13, Guarantee Life responded to Ms. Reinbold. As of August 24, the compliance officer had not yet received any response from Mr. Browning. About the same time, Guarantee Life advised that it was forwarding to Ms. Reinbold a refund of her previously paid premiums.

4. The Insurance Commissioner finds, in mitigation, that Guarantee Life responded promptly to refund Ms. Reinbold's premiums once the insurer knew that its agent had failed to deliver the policy.

CONCLUSIONS OF LAW:

1. RCW 48.18.260, "Delivery of Policies", provides in subsection (1) that "Subject to the insurer's requirements as to payment of premium, every policy shall be delivered to the insured or to the person entitled thereto within a reasonable period of time after its issuance."

Guarantee Life Ins. Co.

Page 2

2. WAC 284-30-580, "Policies to be delivered, not held by agents" provides at subsection (1) that "RCW 48.18.160 requires that policies be delivered within a reasonable period of time after issuance. If an insurer relies upon its agents to make deliveries of life policies, the insurer, as well as the agent, is responsible for any delay resulting from the failure of the agent to act diligently."

3. In an October 4, 1999 letter to a staff attorney investigating the matter on behalf of the Insurance Commissioner, Melanie Sawtelle of Guarantee Life conceded that "Although we rely on our agents to deliver policies, we understand the ultimate responsibility lies with us."

4. RCW 48.05.140(1) provides that "The Commissioner may refuse, suspend, or revoke an insurer's certificate of authority, in addition to other grounds therefor in this code, if the insurer...Fails to comply with any provision of this code other than those for violation of which refusal, suspension, or revocation is mandatory, or fails to comply with any proper order or regulation of the Commissioner."

5. RCW 48.05.185 provides that "After hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation, or refusal to renew any certificate of authority, the Commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars."

CONSENT TO ORDER:

1. Guarantee Life Insurance Company stipulates to the foregoing Findings of Fact and Conclusions of Law. It also stipulates to a fine in the amount of \$1500 and no/100 (fifteen hundred dollars), in lieu of proceedings against its certificate of authority. In accordance with RCW 48.18185, the fine is to be paid in full within thirty days of the entry of this order in Olympia, Washington.

2. Guarantee Life Insurance Company stipulates that it and its appointed agents are subject to the requirement for delivery of issued policies, set forth in RCW 48.18.260 and WAC 284-30-580. It also stipulates to obey all applicable laws and regulations of Washington state.

EXECUTED this _____ day of _____, 1999

By _____

Name _____

Corporate Title _____

Guarantee Life Ins. Co.

Page 3

ORDER:

Pursuant to RCW 48.18.140 and RCW 48.18.185, the Commissioner imposes a fine of \$1500 and no/100 (fifteen hundred dollars) upon Guarantee Life Insurance Company. In accordance with RCW 48.18.185, the fine shall be paid in full within thirty days of the entry of this order in Olympia, Washington; otherwise the certificate of authority held by Guarantee Life Insurance Company shall be revoked, and the fine recovered in a civil action brought on behalf of the Insurance Company by the Attorney General.

ENTERED AT OLYMPIA, WASHINGTON, this _____ day of _____, 1999.

DEBORAH SENN

Insurance Commissioner

By _____

William Kay Kirby

Assistant Deputy Insurance

Commissioner